

COMMITTEE ON GOVERNMENT REFORM
SUBCOMMITTEE ON GOVERNMENT EFFICIENCY AND FINANCIAL MANAGEMENT
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MEDIA ADVISORY

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Show Me the Tax Dollars II
How much is lost to improper payments in the Medicaid Program?
The TennCare experience

What: Government Reform Committee Oversight Hearing:
"Erroneous Payments in the Medicaid Program – a Tennessee Perspective"

When: 8:00 a.m., Monday, July 14, 2003

Where: Bartlett City Hall – Council Chambers
6400 Stage Road
Bartlett, Tennessee

This field hearing is the second in a series investigating the impact of improper payments on the Federal budget. Subcommittee Vice Chairman Marsha Blackburn (R-TN) will host a panel in Bartlett, Tennessee, to discuss efforts to reduce erroneous payments in the Medicaid program with a specific focus on TennCare, the managed care program that replaced Tennessee's Medicaid program in 1994. Since her election to the U.S. Congress in 2002, Rep. Blackburn has continued the work she began in the Tennessee legislature to ensure the efficient operation of government.

"The TennCare program is unfortunately an example of uncontrolled spending and burdensome rules. The Committee is holding this hearing to provide an opportunity for Congress to learn from the experiences of Tennessee and the effect of these policies on Tennesseans," said Rep. Blackburn.

Each year, the Federal government wastes billions of dollars on improper payments – payments that should not have been made. The true magnitude of the problem is unknown, but the General Accounting Office (GAO) has estimated that agencies make about \$20 billion in improper payments annually. The Office of Management and Budget (OMB) recently updated the annual figure to about \$35 billion.

As staggering as these amounts are, they likely represent only the tip of an enormous iceberg. For example, the Department of Health and Human Services (HHS) reported making improper payments of more than \$13 billion dollars in its Medicare fee-for-service program for fiscal year 2002. However, HHS has only recently begun work on trying to estimate improper payments for its other programs, like Medicaid.

The “Improper Payments Information Act of 2002”, P.L. 107-300, signed into law on November 26, 2002, will finally require agencies to estimate improper payments annually and report findings to Congress and the taxpayers. The first reports on improper payments are due by November 15, 2004. The Office of Management and Budget (OMB) recently issued guidelines for Federal agencies to implement the Act.

TennCare serves 1.2 million Tennesseans, including over 400,000 previously uninsured or uninsurable recipients. In order to implement TennCare, the State of Tennessee was granted approval by the Centers for Medicaid and Medicare (CMS) for a five-year demonstration project under Section 1115 of the Social Security Act. Waste, fraud and mismanagement have been ongoing concerns in the TennCare program, and Tennessee has been very aggressive in investigating fraud cases. This experience provides an important example from which other States and the Federal government can learn important lessons.

At this hearing, the Subcommittee will hear from GAO about strategies to reduce improper payments; learn from HHS about their plans to implement the Improper Payments Act and to continue their battle to reduce improper payments in their large entitlement programs; and hear from representatives of TennCare, the Tennessee Bureau of Investigation’s Medicaid Fraud Control Unit, and the Upper Cumberland Area Agency on Aging discussing their experiences with TennCare.

WITNESSES

McCoy Williams, Director, Financial Management and Assurance Team, General Accounting Office;
Kerry Weems, Acting Assistant Secretary for Budget, Technology and Finance, Department of Health and Human Services;

Barry Thomas Mathis, Director of Program Integrity, TennCare;

Holly E. Williams, Director, Medicare Patrol Project, Upper Cumberland Area Agency on Aging; and
William A. Benson, Special Agent, Tennessee Bureau of Investigation, Medicaid Fraud Control Unit

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